



City of Cincinnati Retirement System Benefits Committee Minutes

March 13, 2012 – 10: 00 A.M.
City Hall – Meeting Room 115

The meeting was called to order: 10:05 A.M.

Present

M. Fehn
M. Matlock
B. Partridge
M. Rachford
R. Sims

Staff Present

Paula Tilsley
Cheryl Volk

EQUAL PARTNER BENEFITS

On February 23, 2012, the Benefits Committee approved the expansion of the definition of beneficiary for certain pension death benefits to include Equal Partners. This change will have no cost impact to the pension plan. The change will allow CRS members to designate an Equal Partner as a beneficiary for the post retirement death benefit of \$5,000 and /or return of contributions, and for the return of contributions due to a member's death in service. CRS currently limits beneficiary designations to immediate and extended family members.

The Committee also discussed extending retiree medical, dental & vision benefits to Equal Partners. This change would increase CRS' health care costs with an estimated impact of ½% to 1%, based on limited enrollment experience of active employees of other employers. Due to CRS' current financial challenges, the legal uncertainties concerning the provision of healthcare benefits through a 401(h) account under a defined benefit plan, and the fact that no other Ohio public pension plan provides retiree health care benefits to Equal Partners, the Committee recommended no change at this time.

Committee Action

B. Partridge made a motion to expand the definition of eligible beneficiary to include Equal Partners for certain pension benefits to include payment of the \$5,000 death benefit and/or return of contributions after retirement, and to include the return of contributions due to a death in service. Survivor Benefits are to be excluded at this time. M. Matlock seconded the motion and following a vote, the motion passed 3 -2.

Fehn	No
Matlock	Yes
B. Partridge	Yes
M. Rachford	No
R. Sims	Yes

Committee Action

M. Matlock made a motion to extend health care benefits for equal partners to those members who retire on or after January 1, 2013. Bill Partridge seconded the motion. Following a discussion, members agreed to wait until the national healthcare plan would be fully implemented in 2014 and gauge the response to Equal Partner benefits offered by other employers.

M. Matlock amended the motion to extend health care benefits for equal partners to those members who retire on or after January 1, 2015. B. Partridge seconded the motion and following a vote, the motion passed 3-2.

Fehn	No
Matlock	Yes
B. Partridge	Yes
M. Rachford	No
R. Sims	Yes

Committee Action

B. Partridge made a motion to include an effective date for extending Equal Partner pension benefits to on or after January 1, 2013. M. Matlock seconded the motion and following a vote, the motion passed 3-2.

Fehn	No
Matlock	Yes
B. Partridge	Yes
M. Rachford	No
R. Sims	Yes

AON HEWITT

AON Hewitt consultants attended the Benefits Committee meeting per the request of the February 23, 2012 Benefits Committee. AON provided an educational presentation on industry practices and trends in retiree health care and disability retirement programs. The AON Hewitt consultants in attendance:

- Paul Barbick
- Rich Yurkowitz
- Geoffrey Kuhn
- Sander VanderWerf

Disability Program

AON provided a general overview and observations of the CRS disability retirement provisions and administration. The Committee's goal is to ensure the program is consistent with prevalent standards and to make recommendations for improvement. Goals included:

- Ensure employees are provided every opportunity to access benefits consistent with the intent of a disability retirement program
- Ensure the financial stability and integrity of the disability retirement program
- Access to the program is consistent with the intent of providing disability retirement benefits to employees who are permanently disabled and unable to work in any capacity related to their duties at the time of disability

The presentation and discussions included:

- Definition of disability
- Application process for disability benefits
- Audits and confirmation of ongoing disabilities
- Actively-at-work provisions

- Benefit amounts
- Administration processes
- Next steps

Health and Benefits Review

Presentation included an overview of the following:

- Impact of Health Care Reform on Retiree Health Care Strategies: Health care reform introduces significant challenges and opportunities for plan sponsors and creates the impetus for change
- U.S. Social Welfare Program Reform: Plan sponsors need to understand the Medicare program changes under consideration, and begin positioning their programs to mitigate any potential unfavorable impact including pure federal cost-shifting strategies
 - Medicare's long-term financial challenges will require increasing revenues, reducing spending growth, or some combination of both
 - Health Care Reform contains provisions designed to improve Medicare's financial condition, but additional future steps are needed to address key challenges
- The Individual Market
 - Medicare Advantage Plans (Part C)
 - Medigap
 - Part D Prescription Drug Plans (PDPs)
 - Dental and Vision
- Exchanges
 - State-sponsored exchanges
 - Private exchanges
- Individual Market-Based Strategies: Plan Sponsor Savings Opportunities
- Retiree Health Care Settlement/Exit Strategies – Strategy Spectrum

Discussion included:

- Pursue a more balanced premium share for all retirees and eligible deferred retirees; additional research is needed for individual and group sourcing alternatives.
- Consider age as a requirement for deferred retiree health care eligibility
- AON to model alternatives and provide 3 different approaches for design changes that remain cost neutral and help extend the life of the healthcare fund while maintaining fairness control.
- Committee agreed to cancel the April 5th Benefits Committee and reschedule meeting for later date. Meeting date to be determined.

Committee Action

M. Rachford made a motion to adjourn the meeting. M. Fehn seconded the motion and the motion passed. Meeting was adjourned at 1:54 P.M.